

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1824 - HB 1738**

March 13, 2014

**SUMMARY OF BILL:** Requires the state insurance committee to set a contribution level of at least 37 percent of the cost of supplemental medical insurance for retirees that participate in Medicare.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**

**\$933,500/FY14-15**

**Exceeds \$1,110,700/FY15-16 and Subsequent Years**

**Other Fiscal Impact – Changing the manner in which supplemental insurance benefits are calculated may result in changes to future actuarial calculations related to the state's Other Post Employment Benefit obligation. Due to multiple unknown factors, the impact of such change cannot be quantified but is estimated to result in a significant increase in future liability.**

**Assumptions:**

- It is projected that approximately 30,000 members will be impacted by the plan in FY14-15.
- It is assumed that membership in the plan will grow by six percent per year and that the base monthly premium will grow by four percent per year.
- Based on information provided by the Department of Finance and Administration, the Division of Benefits Administration, the one-time increase in state expenditures for FY14-15 is estimated to be \$933,451.
- The recurring increase in state expenditures for FY15-16 and subsequent years is estimated to exceed \$1,110,706.
- Because the premiums will continue to increase and enrollment will continue to increase each year, the cost of the bill in future years will continue to escalate accordingly.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

/cce